

PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	19 December 2023
TEITL YR ADRODDIAD: TITLE OF REPORT:	Financial Procedures
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Tim John, Senior Finance Business, Partner Accounting and Statutory Reporting

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Ar Gyfer Penderfyniad/For Decision

ADRODDIAD SCAA SBAR REPORT

Sefyllfa / Situation

Each year planned reviews are undertaken of the financial procedures operated by Hywel Dda University Health Board (HDdUHB). The procedures, which set out the main financial system controls, are reviewed in terms of:

- Relevance
- Best practice
- Audit recommendations
- System change
- Health Board policy

Cefndir / Background

The following procedures has been reviewed and are presented to the Sustainable Resources Committee (SRC) for approval:

- FP976 Project Bank Accounts (Appendix 1)
- FP Trittech Income Risk Stratification (Appendix 2)

Asesiad / Assessment

FP974 Project Bank Account Procedure

The purpose of this document is to outline the key processes to be followed by Health Board staff in connection with Project Bank Accounts (PBA) and to set out associated roles and responsibilities. This procedure has been updated to be in line with the latest Financial Procedure format.

The aim of this document is to ensure that the HDdUHB complies with Welsh Government legislation related to the use of PBAs.

This updates the procedure as part of the periodic review process and includes reference to the latest Welsh Government guidance on the operation of Project Bank Accounts.

The procedure is covered by a specific Financial Procedures Equality Impact Assessment (EqIA) with no negative impact.

FP Trittech Income Risk Stratification

The aim of this document is to ensure that Trittech are able to achieve its objectives whilst minimising the risk of financial loss to HDdUHB.

Argymhelliad / Recommendation

The SRC is asked to:

- **APPROVE** the following updated financial procedure:
 - FP976 Project Bank Accounts
- **APPROVE** the following new financial procedure:
 - FP Income Risk Stratification

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	3.13 Review and approve financial procedures on behalf of the Health Board.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not applicable
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	Not Applicable
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	Not Applicable
Amcanion Strategol y BIP: UHB Strategic Objectives:	6. Sustainable use of resources
Amcanion Cynllunio Planning Objectives	8b Local Economic and Social Impact

Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022	10. Not Applicable
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Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Previous procedures, standing financial instructions, Welsh Government guidance
Rhestr Termiau: Glossary of Terms:	Included within the body of the report
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau Cynaliadwy: Parties / Committees consulted prior to Sustainable Resources Committee:	HDdUHB Finance HDdUHB Local Counter Fraud Service HDdUHB Workforce & OD HDdUHB ARAC NHS Wales Shared Services Partnership (NWSSP)

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Financial procedures are required to ensure sound financial control
Ansawdd / Gofal Claf: Quality / Patient Care:	Not applicable
Gweithlu: Workforce:	Not applicable
Risg: Risk:	Financial procedures are required to ensure good governance and therefore minimise risk
Cyfreithiol: Legal:	Not applicable

Enw Da: Reputational:	Financial procedures are required to ensure good governance and sound financial control
Gyfrinachedd: Privacy:	Not applicable
Cydraddoldeb: Equality:	<p>EqlA has been undertaken with no negative impacts on those with protected characteristics.</p> <p>Changes to the majority of financial policies and procedures to date have been assessed as having a low relevance to equality duties and have been mainly in relation to systems and responsibilities with no direct or indirect impact on individuals in relation to equality, diversity or human rights.</p> <p>Where policies and procedures have a more direct impact on patients, staff and service users in relation to their protected characteristics, e.g., those addressing the handling of patients' monies, etc., more detailed EqlAs have been undertaken and are published alongside the relevant document.</p>

Project Bank Accounts Financial Procedure

Procedure information

Procedure number: 974

Classification:
Financial

Supersedes:
Previous version

Version number:
2

Date of Equality Impact Assessment:
31/10/2023

Approval information

Approved by:
Sustainable Resources Committee

Date of approval:
Enter approval date

Date made active:
Enter date made active (completion by policy team)

Review date:
Enter review date (normally three years from approval date)

Summary of document:

This document is one of a series of financial procedures providing a clear process to be followed.

Scope:
Hywel Dda University Health Board Wide

To be read in conjunction with:
Standing Orders
Standing Financial Instructions
Other Financial Procedures

Patient information:
Not applicable

Owning group:
Finance team
02/11/2023

Executive Director job title:
Director of Finance

Reviews and updates:
1 – new procedure 26.1.2021
2 – fully revised

Keywords
Financial Procedures, Project Bank Accounts

Glossary of terms
PBA – project bank account
HDdUHB Hywel Dda University Health board
VAT – value added tax
SCP – supply chain partner – provides a complete construction and refurbishment solution for Capital Investment Construction Schemes
AW – All Wales
GCB - Government Construction Board

Fraud, Bibery and Corruption

All staff are required to comply with the HDdUHB's policies and procedures and apply best practice in order to prevent Fraud, Bribery and Corruption. Staff should be made aware of their own responsibilities in protecting the Health Board from these crimes.

All staff have a duty to notify the Local Counter Fraud Department of any suspected fraud or inappropriate actions and are protected by [the 435 - All Wales NHS staff to Raise Concerns procedure](#) – opens in a new tab. Anyone who suspects fraud or has any concerns reference Fraud Bribery and Corruption can make a referral by contacting the Counter Fraud Department by either of the following methods;

- Telephoning the office on 01267 266268,
- Emailing HDUHB.CounterFraudTeam.HDD@wales.nhs.uk ,
- Making an online referral at <https://reportfraud.cfa.nhs.uk> or
- Making an anonymous referral by telephoning Crimestoppers on 0800 028 40 60.

Staff should refer to the [915 - Counter Fraud, Bribery and Corruption Policy](#) – opens in a new tab - for further information.

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Introduction

Project Bank Accounts (PBAs) represent best practice in ensuring fair and prompt payment in the supply chain. PBAs are ring-fenced bank accounts with trust status that act solely as a receptacle for transferring funds from the client to the lead contractor and supply chain. Whereas payments normally made direct to the lead contractor are paid onto the supply-chain later, PBAs allow simultaneous payments within 3-5 days from the deposit of money into the PBA to the lead contractor and supply chain partners. This alleviates cash flow pressures which can have a considerable impact on smaller companies who rely on cash flow to a greater extent than companies above them in a supply chain.

This financial procedure should be read in conjunction with NHS Building for Wales National & Regional Frameworks [Guidance Note: Implementation of Project bank Accounts v2.6 \(November 22\)](#)

Scope

The policy is applicable across the whole of Hywel Dda University Health Board (HDdUHB). It applies to all employees and Independent Members. The term “employees” includes all those who have a contract of employment or honorary contract with the HDdUHB, including volunteers and bank workers. It is also applicable to all contractors employed by the HDdUHB to undertake construction work, Project Management and Cost Advisor functions for construction schemes in excess of £2 million (excluding VAT).

Aim

The aim of this document is to ensure that the HDdUHB complies with Welsh Government legislation related to the use of PBAs.

Objectives

The aim will be achieved by outlining the:

- approval process in setting up a PBA
- steps required to set up a PBA
- documentation which must be completed in setting up a PBA
- payment process for PBA

PBA setup

- A PBA must be set up for all Welsh Government funded construction and infrastructure contracts valued at greater than £2m net, with the exception of equipment replacements for example CT simulators or MRI scanners or project shorter than 6 months duration.
- The process of agreeing and setting up a Project Bank Account must be undertaken before submission of Stage 3 (Full Business Case Development or Business Justification Case) to Welsh Government for approval. All PBA documentation must be fully signed once funding approval has been issued by Welsh Government.

Choosing a Bank Account Product

- HDdUHB must agree with Supply Chain Partner / Lead Contractor which Bank to choose.
- PBAs may be Joint or Sole Accounts as agreed between the HDdUHB and the SCP.
 - A Joint Account is where an account is opened in the name of HDdUHB and SCP. A Sole Account is where the lead contractor opens the account in their name only.
 - Regardless of which approach is chosen HDdUHB and the SCP should be trustees to the account and both HDdUHB and the SCP should jointly authorise payments at each payment cycle.
- The PBA produced must comply with the Cabinet Office PBA Minimum Requirements. See Appendix 1

Opening a PBA

- Supply Chain Partner must complete and sign
 - Account application form of chosen bank and adherence to any due diligence requirements
 - Trust Deed – incorporated within the NHS Building for Wales National and Regional Supply Chain Partner Contracts.
 - Bank Mandate to be signed in line with mandate requirements.
- Signed forms must be countersigned by the Director of Finance
- Participating Supply Chain members who are sub-contractors of the SCP can either join a PBA at commencement of construction or later. Supply Chain members must sign a Deed of Adherence / Joining Deed which is counter-signed by the Trustees. Standard forms are incorporated within the NHS Building for Wales National and Regional Supply Chain Partner Contracts.
- Sub-contractors can opt out of being paid through the PBA; for sub-contractors who account for 1% or more of the net contract award value, the SCP must provide written confirmation from the sub-contractor that they have opted out of the arrangement.

PBA Payment Procedure

- Monthly Valuations are prepared by Supply Chain Partner / Lead Contractor and certified as correct by HDdUHB in collaboration with appointed consultants. Valuations will include details of payments to be made to Supply Chain Partner / Lead Contractor and each Supply Chain member from the PBA.
- Supply Chain Partner / Lead Contractor submits an invoice to HDdUHB and payment is made to PBA.
- Cost Advisor completes a Project Bank Account payment authorisation form listing payment to be made from the PBA to the Supply Chain Partner / Lead Contractor and Supply Chain Members each month.
- Payments are input onto PBA by Supply Chain Partner / Lead Contractor
- Upon clearing of funds in the PBA, payment is authorised through the Bank's internet banking system by designated persons within HDdUHB and Supply Chain Partner in the case of joint accounts or by the sole account holder in the case of sole accounts and made to all parties listed on the payment authorisation.
- Payments made will be reconciled by HDdUHB to ensure payments have been made correctly.

Contractual Arrangements for requirement of PBA

- This financial procedure does not detail the activities required to ensure that the requirement for a PBA are built into contract notices with Supply Chain Partners / Lead Contractors. Further details on these requirements are available in <https://www.gov.wales/sites/default/files/publications/2022-08/wppn-04-21-guidelines-for-deploying-welsh-government-project-bank-account-policy-august-2022.pdf>

Training and Raising Awareness

This procedure will be disseminated to relevant staff and appropriate training provided.

Monitoring and Review

This will be monitored by the Finance – Capital and Major Projects team. Project Bank Accounts and their operation are reported as a standing item to ARAC.

The procedure will be reviewed in three years' time or sooner if required.

References

NHS Building for Wales National & Regional Frameworks Guidance Note: Implementation of Project bank Accounts v2.5 (July 20)

Appendix 1: Minimum requirements for a Project Bank Account product

UK Government's Cabinet Office minimum requirements for the Project Bank Account.

These minimum requirements are based on recommendations made by the Government Construction Board (GCB) Fair payment user group and sets out some minimum requirements for the Project Bank Account:

1. The account needs to be linked to a Trust Deed so that the money is ring-fenced and can only operate with joint agreement of both parties.
2. The banking service provided should not materially alter the operation of the Trust Deed or the PBA.
3. To be a beneficiary of the PBA the Deed of Adherence [also known as a Joining Deed] must be completed by subcontractors to confirm their agreement to be paid via the PBA. Dual agreement is to be required before the payment is to be made, i.e. the lead contractor / client knows that it can only act when both parties have agreed to the payment and one party can not alter the payment without the agreement of the other party.
4. The bank must be informed and acknowledge that a Trust Deed exists and that operation of the payments are governed by this Deed.
5. Transactions must be easily available for the client to view from the bank report no more than one day after payment.
6. All of the contractors and sub-contractors signed up to the PBA Trust Deed should be paid at the same time. Once authorisation has been given by the Trustees, payments are made typically made within 3-5 working days.
7. Payments from the PBA should only be able to be made to the contractor and other named supplier beneficiaries.
8. No cheque facility is to be made available on the account.
9. No overdraft facility is to be available on the account.
10. Confirmation is to be obtained from the PBA bank that monies are held in Trust and that they cannot be used to offset any other contractor/supply chain liabilities.
11. There is an obligation on the Lead Contractor to inform the client and appropriate members of the supply chain and trustees of any changes to the PBA with respect to alteration to any terms and payment authorisations.

Equality Impact Assessment (EqIA) Screening Template

The Equality Impact Assessment Screening Template is a short exercise that involves looking at the overall proposal and deciding if it is relevant to the Public Sector Equality Duty, and other key areas.

The questions in the Screening Template below will help you to decide if the proposal is relevant to the Equality Act 2010 and whether a detailed EqIA is required. The key question is whether the proposal is likely to have an impact (either positive or negative) on any of the protected characteristics.

Quite often, the answer may not be obvious, and staff, service-user or provider information will need to be considered to make a preliminary judgment.

There is no one size fits all approach, but the screening process is designed to help fully consider the circumstances and to inform evidence-based decisions.

Note: If the proposal is of a significant nature and it is apparent from the outset that a full Equality Impact Assessment (EqIA) will be required, then it is not necessary to complete the Screening Template and you can proceed to complete the full EqIA.

What to do:

In general, the following questions all feed into whether an EqIA is required:

- How many people is the proposal likely to affect?
- How significant is its impact?
- Does it relate to an area where there are known inequalities?

At this initial screening stage, the point is to try to assess obvious negative or positive impacts.

You will need to provide sufficient information within the template to justify the assessment of impact.

If a negative/adverse impact has been identified (actual or potential) during completion of the screening tool, a full EqIA must be undertaken.

If no negative / adverse impacts arise from the proposal, it is not necessary to undertake a full EqIA however, the decision and justification must be clearly recorded.

On completion of the Screening Template, staff should:

- Check that all sections of the template are fully completed
- Ensure that the Project/Policy owner has signed off the Screening Template
- Send a copy of the completed template along with the related policy to the Diversity & Inclusion Team for them to review – email this to Inclusion.hdd@wales.nhs.uk

Date of commencement of Screening Assessment:	31.10.23
Screening conducted by (name and email address):	Peter Evans Peter.evans3@wales.nhs.uk
Title of programme, policy or project being screened:	Project bank Account procedure

Description of the programme/policy/project being screened (including key aims and objectives)

Financial procedure governing the use of Project Bank Accounts

Evidence considered (including staff and population data, relevant research, expert and community knowledge etc.)

None

Assess which protected characteristics will potentially be affected by the proposal:

Group	Positive Impact	Negative Impact	No Impact
Age Is it likely to affect older and younger people in different ways or affect one age group and not another?			X
Disability Those with a physical disability, learning disability, sensory loss or impairment, mental health conditions, long-term medical conditions such as diabetes			X

<p>Gender Reassignment Consider the potential impact on individuals who either:</p> <ul style="list-style-type: none"> • Have undergone, intend to undergo or are currently undergoing gender reassignment. • Do not intend to undergo medical treatment but wish to live in a different gender from their gender at birth 			X
<p>Marriage / Civil Partnership This also covers those who are not married or in a civil partnership.</p>			X
<p>Pregnancy and Maternity Maternity covers the period of 26 weeks after having a baby, whether or not they are on Maternity Leave</p>			X
<p>Race / Ethnicity People of a different race, nationality, colour, culture or ethnic origin including non-English / Welsh speakers, gypsies/travellers, asylum seekers and migrant workers.</p>			X
<p>Religion or Belief The term 'religion' includes a religious or philosophical belief.</p>			X
<p>Sex Consider whether those affected are mostly male or female and where it applies to both equally does it affect one differently to the other?</p>			X
<p>Sexual Orientation Whether a person's sexual attraction is towards their own sex, the opposite sex or to both sexes.</p>			X

Consider the potential impacts of the programme/policy/project on the following wider determinants:

Additional Determinants	Positive Impact	Negative Impact	No Impact
<p>Armed Forces Community Consider members of the Armed Forces and their families, whose health needs may be impacted long after they have left the Armed Forces and returned to civilian life. Also consider their unique experiences when accessing and using day-to-day public and private services compared to the general population. It could be through ‘unfamiliarity with civilian life, or frequent moves around the country and the subsequent difficulties in maintaining support networks, for example, members of the Armed Forces can find accessing such goods and services challenging.’</p> <p>For a comprehensive guide to the Armed Forces Covenant Duty and supporting resource please see: Armed-Forces-Covenant-duty-statutory-guidance</p>			X
<p>Socio Economic Duty Consider those on low income, economically inactive, unemployed or unable to work due to ill-health. Also consider people living in areas known to exhibit poor economic and/or health indicators and individuals who are unable to access services and facilities. Food / fuel poverty and personal or household debt should also be considered.</p> <p>For a comprehensive guide to the Socio-Economic Duty in Wales and supporting resource please see: more-equal-wales-socio-economic-duty</p>			X
<p>Welsh Language Please note opportunities for persons to use the Welsh language and treating the Welsh language no less favourably than the English language.</p>			X

Summary of Potential Impacts Identified

Positive Impacts

N/a

Negative Impacts

N/a

Has the screening identified any negative impacts? If yes, a full Equality Impact Assessment will need to be undertaken.	Yes	No
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If No negative impacts were identified, please give full justification here

Procedure is related to how payments are made to contractors of major construction contracts.

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Screening Completed by:	Name	Peter Evans
	Title	Finance business partner
	Contact details	Peter.evans3@wales.nhs.uk
	Date	31.10.23
Screening Authorised by: (Project / Policy Owner)	Name	
	Title	
	Contact details	
	Date	
Seen by Diversity & Inclusion Team:	Name	
	Title	
	Contact details	
	Date	

Income Risk Stratification Financial Procedure

Procedure information

Procedure number:

Classification:

Financial

Supersedes:

New procedure

Version number:

1

Date of Equality Impact Assessment:

Detail date of EqIA

Approval information

Approved by:

Sustainable Resources Committee

Date of approval:

Enter approval date

Date made active:

Enter date made active (completion by policy team)

Review date:

Enter review date (normally three years from approval date)

Summary of document:

This document sets out the approach to financial risk stratification when considering companies to work with.

Scope:

Tritech/Hywel Dda University Health Board Wide

To be read in conjunction with:

Standing Orders.

Standing Financial Instructions.

Other Financial Procedures.

Patient information:

Include links to [Patient Information Library](#)

Owning group:

Tritech and Innovation Management Group

23/01/2023

Executive Director job title:

Professor Philip Kloer

Reviews and updates:

1 – new procedure

Keywords

Financial risk stratification

Glossary of terms

Fraud, Bribery and Corruption

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Introduction

Tritech works with a range of companies to achieve one of its key objectives of supporting economic development, including creating high quality employment opportunities for life science companies in West Wales. However, there is a risk of companies defaulting on payment for work undertaken leading to a loss for the Health Board. This procedure sets out the process in place to minimise this risk.

Scope

The procedure has been developed for Tritech but is equally applicable across the whole of Hywel Dda University Health Board (HDdUHB) for all employees who engage with companies to provide a service in return for payment. The term “employees” includes all those who have a contract of employment or honorary contract with the HDdUHB, including volunteers and bank workers.

Aim

The aim of this document is to ensure that Tritech is able to achieve its objectives whilst minimising the risk of financial loss to HDdUHB.

Objectives

The approach that TriTech Institute takes to agreeing to work with companies needs to balance three interrelated issues:

- Meeting the cost recovery target, to ensure TriTech does not place a financial burden on the University Health Board;
- Delivering contracts for businesses of different sizes, with the possibility of supporting local life science businesses; and
- Delivering contracts that align to areas of organisational interest and need, and where innovation could lead to substantial patient impact.

Risk stratification

To balance these three issues, a portfolio approach to financial risk will be taken, with a proportion of the income generated in any given year coming from low to medium risk companies and a proportion coming from medium to high-risk companies.

Financial risk in this context is defined as the chance that a company will be unable to meet its obligations as set out within a contract. The easiest way of determining whether a company falls into the ‘low to medium’ or ‘medium to high’ category is through a credit reference agency(**). The following categories will be used:

Credit Assessment	Risk Category
90-100	Very Low Risk
80-90	Low Risk
50-80	Below Average Risk
25-50	Above Average Risk
15-25	High Risk
0-15	Maximum Risk

**The above is indicative based upon the 'Experian' credit reference agency. While another agency might be used, the principles set out in this paper will remain the same.

The Finance Department will identify a credit search agency and an assessment will be undertaken before TriTech contracts to work with any company. The value of projects with medium to high-risk companies undertaken in any financial year will be restricted to the projected size of the surplus:

Financial Year	Projected Income (£)	Projected Surplus (£)	Maximum proportion of total income generated through medium to high-risk companies (%)
2023/24	500,194	84,694	17%
2024/24	575,224	138,948	24%
2025/26	661,507	203,418	30%

The usefulness of setting this proportion of income to be generated by medium to high-risk companies is that it enables the TriTech Management Group to commit earlier within the financial year, when an opportunity presents, while not absorbing too much risk within the portfolio.

While this approach does not fully reduce the risks associated with meeting an income generation target, it is a balanced approach, which does not expose the University Health Board to any additional risk to that originally proposed within the business case. It also allows flexibility in the selection of projects with smaller companies and with projects and innovations that align to organisation priorities and needs.

Roles and Responsibilities

The SRO for each project will prepare the necessary documentation to support the risk stratification for subsequent approval by the Trittech and Innovation Management

Training and Raising Awareness

This procedure will be disseminated to relevant staff and appropriate training provided.

Monitoring and Review

The Trittech and Innovation Management Group will review the procedure every 12 months to ensure its meeting its aims and objectives.